People and Resources Committee

Meeting Date	10 September 2026
Title	Finance Report – July 2026
Author(s)	Busola Akinlabi, Financial Analyst James Afolabi, Financial Planning & Analysis Manager
Executive Sponsor	Alastair Bridges, Executive Director of Resources

Executive Summary

	July 2026 YTD			Full Year		
	Actuals	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Total Income	15,193	15,193	0	47,012	46,503	(509)
Total Expenditure	15,033	15,115	82	47,002	46,576	426
Surplus/(Deficit)	**160**	**78**	**82**	**10**	**(73)**	**(83)**
FTP Demand Costs	0	0	0	0	3,000	(3,000)
Surplus/(Deficit) - **Incl. FTP Demand Costs**	**160**	**78**	**82**	**10**	**(3,073)**	**(3,083)**

1. Financial Performance (Year-to-Date)

- **Surplus:** Year to date surplus of £160k – excluding Fitness to Practise (FTP) demand costs, is higher than the forecasted surplus of £78k.
- **Income:** Actual income of £15.2 million is in line with forecast.
- **Expenditure:** total expenditure of £15 million is closely in line with forecast.

2. Full-year Forecast vs Budget

- **Full year deficit:** the forecast for the full year is a deficit of £73k (excluding FTP demand costs) which is £83k lower than the budgeted surplus of £10k.
- **Income:** adverse variance of £509k is mainly due to rebase of Registration and UK scrutiny volume. This is following a lower than anticipated 2025-26 year-end volume compared with the assumptions used during budget setting.
- **Expenditure:** full year expenditure forecast of £46.6 million, is £426k lower than the budget. Key drivers include a decrease in payroll costs primarily due to unfilled vacant posts. This is partially offset by higher temporary staff and consultancy costs to cover vacancies and increased demands.

- **Note.** the forecast also includes a modest contingency fund of £135k to cover potential future risks that may arise during the remainder of the financial year.

- **FTP demand costs:** the report highlights an approved ring-fenced reserves of £3 million to assist with ongoing commitments to ensuring timeliness and communication of progressing FTP cases.

3. Major Project and Investments

2026-27 Budget	2026-27 Forecast	Committed Spend to Date	Actuals to Date
£3.5m	£2.1m	£0.7m	£0.4m

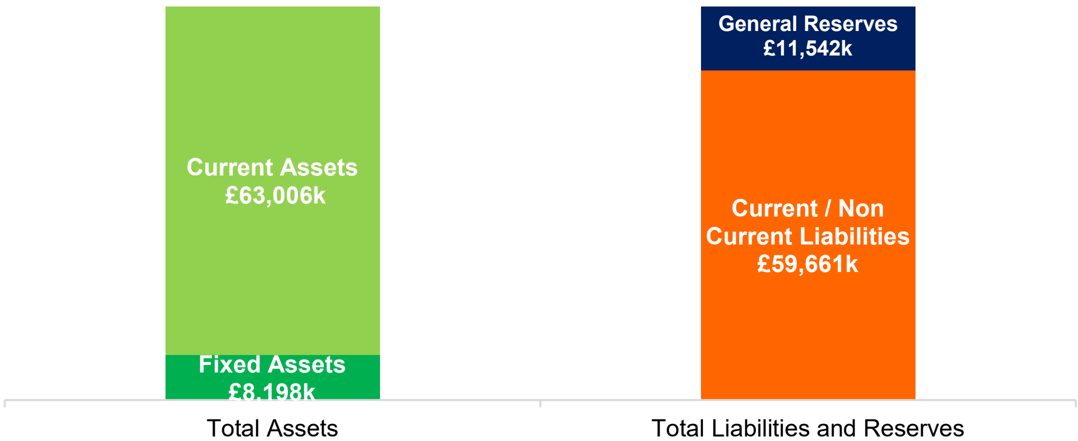
The finance report shows an investment budget of £3.5 million, which includes £980k in capital expenditure (capex) brought forward from last year.

4. Risks and Opportunities

- **Risks:** the report identifies several key risks, including higher software licensing costs in relation to the headcount level, and increase in learning and development costs as a result of considerable investment in study and certifications.

- **Opportunities:** potential upside from higher international application volumes than forecasted, and business rates rebate from unused work area during the heating, ventilation and air conditioning (HVAC) installation project.

5. Balance Sheet and Reserves



- **Reserves:** General reserves stand at approximately £11 million, with realisable net assets of £9 million, representing just over two months of operating expenditure. Following the approved drawdown of reserves to support FTP demand activity, general reserves are forecast to reduce to approximately £8 million by the end of the financial year.

Conclusion

The financial position as at July 2026 remains stable, with a year-to-date surplus of £160k (excluding FTP demand costs) and a full year forecast deficit of £74k. Payroll continues to be a key area of focus, with a number of vacancies remaining unfilled for longer than anticipated. Whilst this has generated payroll savings, it has also increased reliance on temporary and agency resources to maintain service delivery.

The forecast retains a £135k contingency for frontloading-related costs whereas the general contingency has been completely drawn down. Given the stage of the financial year and the number of known cost pressures that may crystallise in the coming months, the overall contingency balance provides very limited headroom.

Action required	The Committee is asked to review the information provided and seek clarification on any areas.
Previous consideration	Previous finance report (April 2026) provided to the People and Resources Committee (PRC) in June 2026
Next steps	Update to the Council on 24th September 2026.
Financial and resource implications	The implications are set out in the report.
Associated strategic priority/priorities	Technology-enabled regulatory excellence and organisational sustainability
Associated strategic risk(s)	5.a The resources we require to achieve our strategy are not in place or are not sustainable
Risk appetite	Financial - measured
Communication and engagement	Not applicable
Equality, diversity and inclusion (EDI) impact and Welsh language standards	No direct implications.
Other impact assessments	Not applicable
Reason for consideration in the private session of the meeting (if applicable)	Not applicable

July 2026
Finance Report

PEOPLE AND RESOURCES COMMITTEE

Contents

Executive Summary

	July 2026 YTD			Full Year		
	Actuals	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Total Income	15,193	15,193	0	47,012	46,503	(509)
Total Expenditure	15,033	15,115	82	47,002	46,576	426
Surplus/(Deficit)	**160**	**78**	**82**	**10**	**(73)**	**(83)**
FTP Demand Costs	0	0	0	0	3,000	(3,000)
Surplus/**(Deficit) - Incl. FTP Demand Costs**	**160**	**78**	**82**	**10**	**(3,073)**	**(3,083)**

Note. To view the full year Budget profile for 2026-27, please refer to 'Appendix 6 – 2026–27 Budget Profile'.
'FTP Demand Costs' is funded from ring-fenced reserves.

July 2026 Year to Date

- **Surplus:** actual surplus of £160k is £82k higher than the forecast (excluding FTP demand costs).
- **Income**: Actual income of £15.2 million is in line with the forecast.
- **Expenditure**: Actual expenditure of £15 million is closely in line with the forecast.

Budget vs Forecast (Full Year)

- The forecast assumes a £73k deficit for 2026-27 (excluding FTP demand costs), an £83k decrease compared to the budgeted surplus of £10k.
- **Income**: £509k adverse, driven by a rebasing of registration income following lower than anticipated 2025-26 year-end volume compared with the assumptions used during budget setting.
- **Expenditure**: £426k favourable, mainly due to payroll savings arising from unfilled vacant posts. This is partially offset by increase in temporary staff and consultancy costs to cover vacancies and other staff absences.
- **Contingency:** forecast assumes a contingency fund of £135k (refer to Appendix 5 for a breakdown of contingency movements).

Note. A £3 million ring-fenced reserves has been approved by the Council to assist with ongoing commitments to ensuring timeliness of progressing FTP cases. This includes bringing in additional capacity into the team to help tackle continued rise in number of concerns raised about registrants (actual expenses to be captured in future reports).

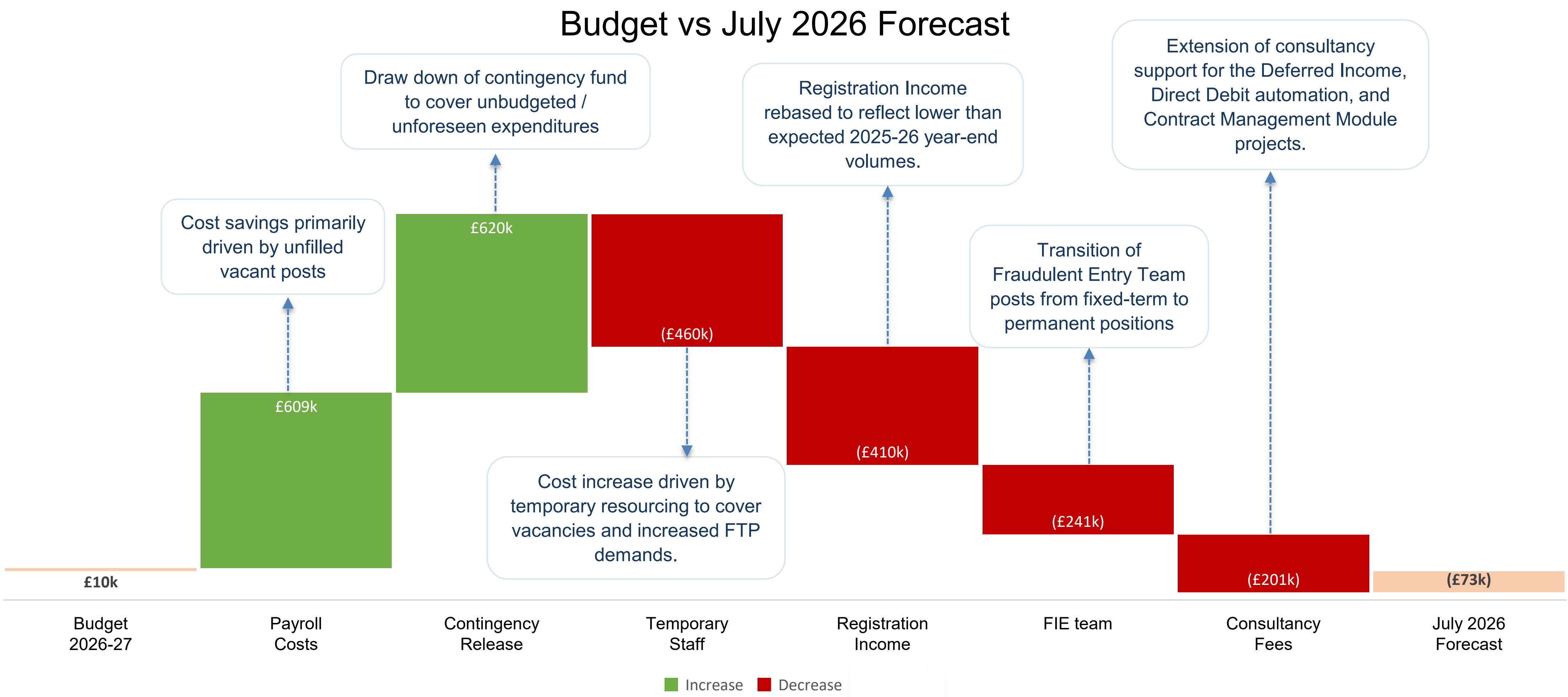
Summary Figures – July 2026 (YTD)

	July 2026 YTD			Full Year		
	Actuals	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Registration Income	14,862	14,862	0	46,080	45,571	(509)
Grant Income	0	0	0	0	0	0
Other Income	331	331	0	932	932	0
Total Income	**15,193**	**15,193**	**0**	**47,012**	**46,503**	**(509)**
Payroll Costs	6,982	6,969	(13)	21,866	21,550	316
Other Staff Costs	407	402	(5)	791	1,253	(462)
Non-Payroll Costs	7,561	7,661	100	23,311	23,387	(76)
Total Operating Expenditure	**14,950**	**15,032**	**82**	**45,968**	**46,190**	**(222)**
Exceptional Costs	83	83	0	1,034	386	648
Total Expenditure	**15,033**	**15,115**	**82**	**47,002**	**46,576**	**426**
Surplus/(Deficit) - Excl. Exceptional Legal Costs	**160**	**78**	**82**	**10**	**(73)**	**(83)**
FTP Demand Costs	0	0	0	0	3,000	(3,000)
Surplus/(Deficit) - Incl. Exceptional Legal Costs	**160**	**78**	**82**	**10**	**(3,073)**	**(3,083)**

'Other Staff Costs' includes Temporary Staff, Training, Recruitment Fees and Other Employee Costs e.g. Life Assurance Costs.

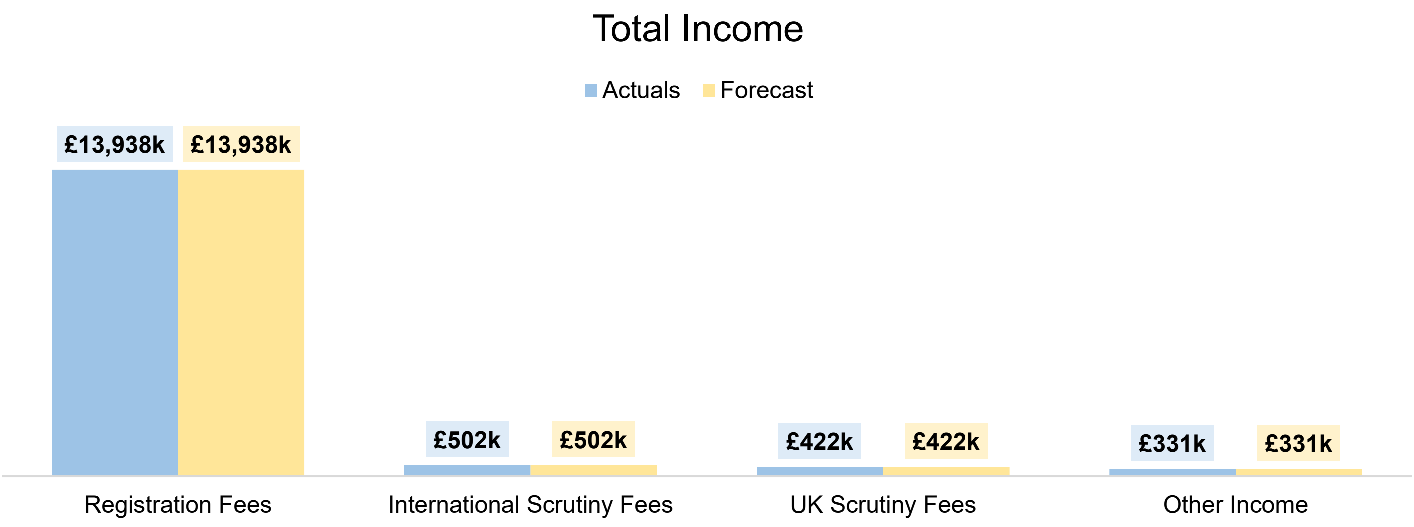
Item 09

Key Movements (Budget vs July Forecast)



Item 09

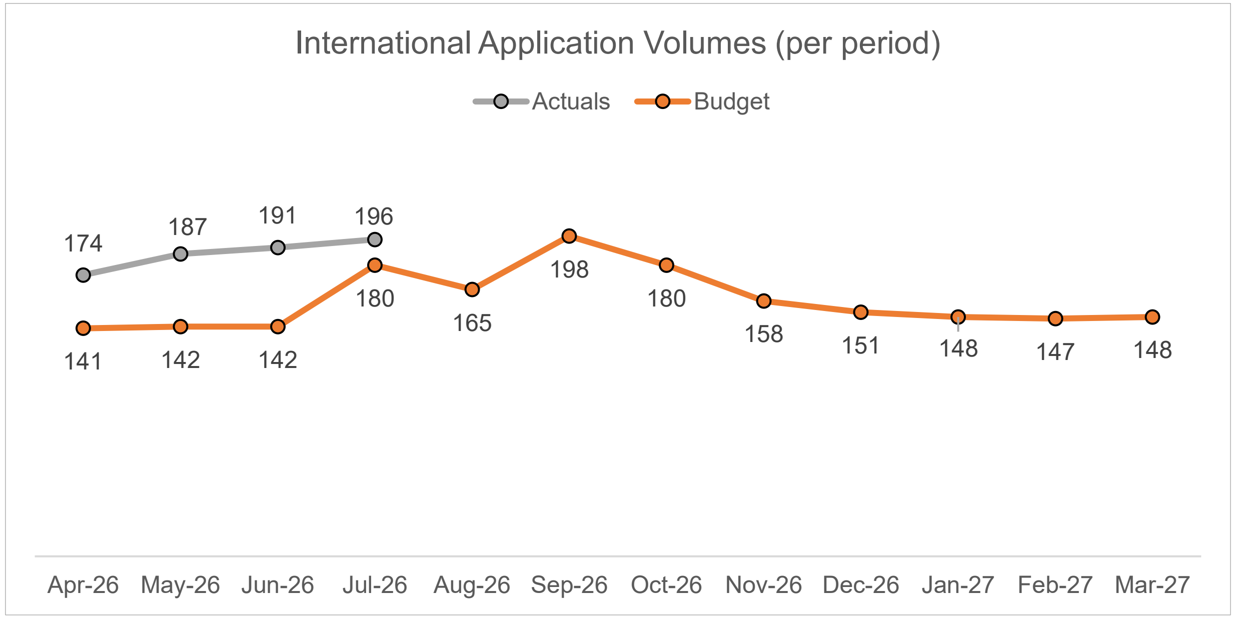
Total Income – July 2026 (YTD)

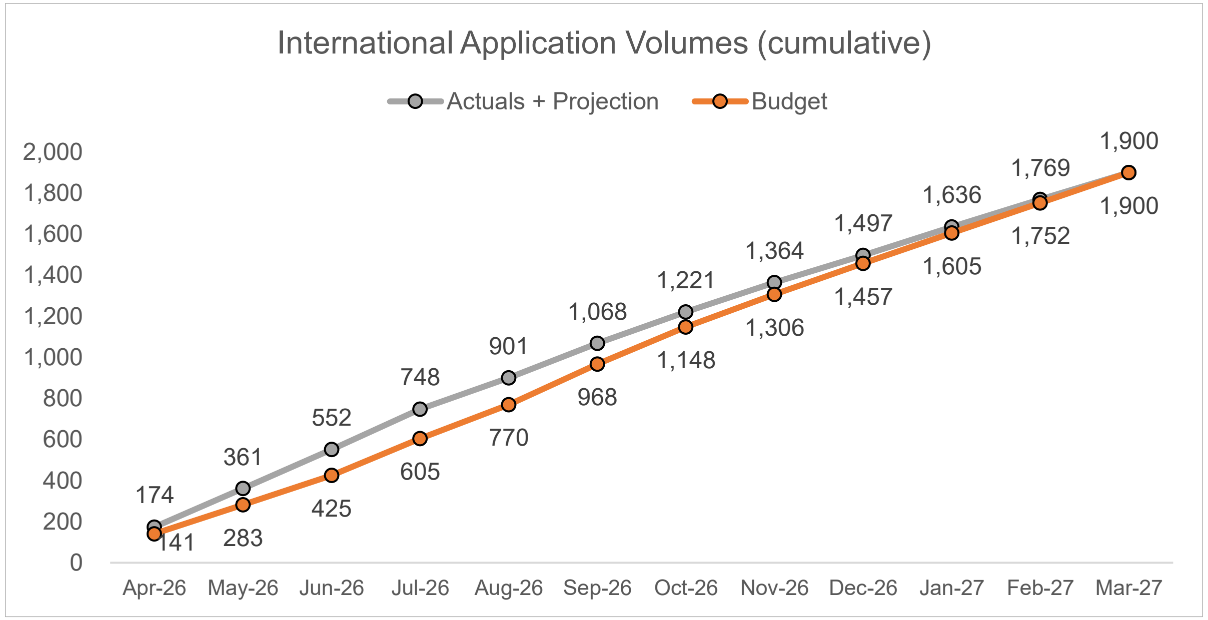


	July 2026 YTD	Full Year		
	Actuals	**Budget**	**Forecast**	**Variance**
	£'000	**£'000**	**£'000**	**£'000**
Registration Fees	13,938	43,151	42,740	(411)
International Scrutiny Fees	502	1,289	1,289	0
UK Scrutiny Fees	422	1,640	1,542	(98)
Other Income	331	932	932	0
Total Income	**15,193**	**47,012**	**46,503**	**(509)**

Item 09

International Income – July 2026 (YTD)

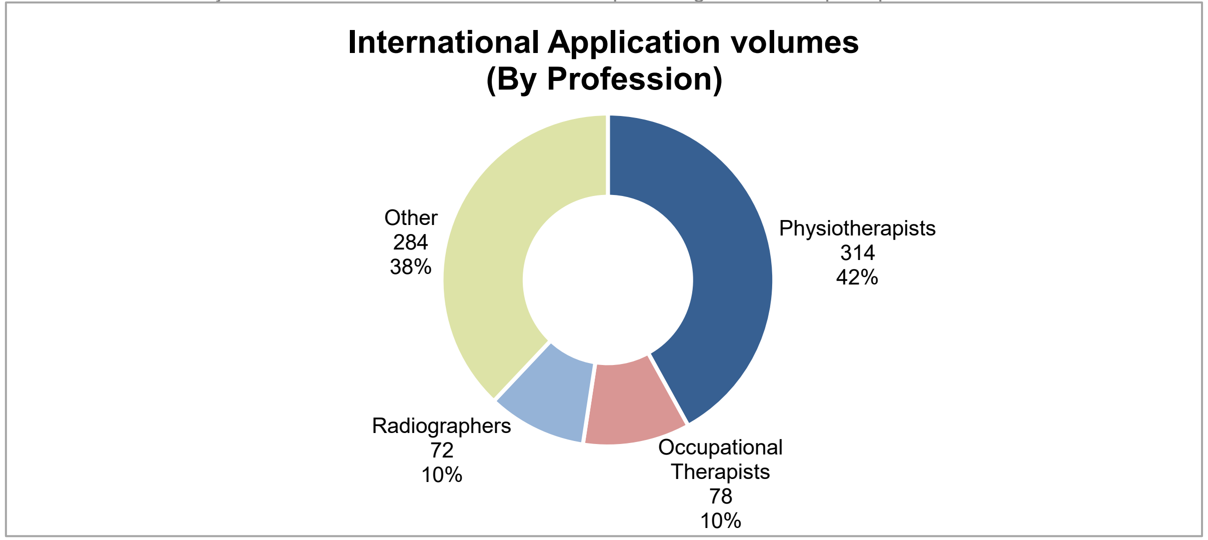




Note. 'Actuals + Projection' based on actual volumes for YTD plus budget for subsequent periods.

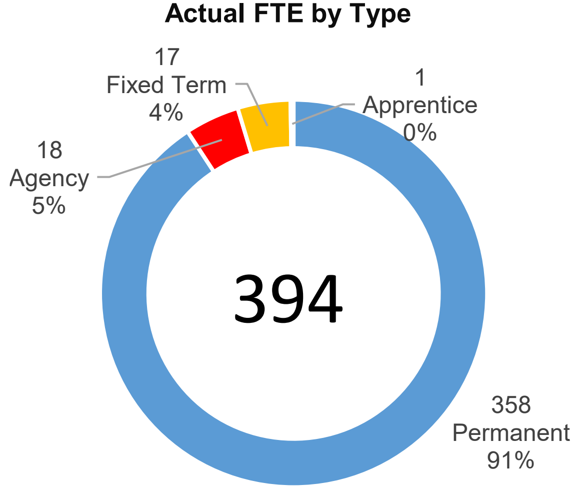
- **July 2026 Period Only:** Actual number of international applications of 196 which is slightly higher than the budget of 180 applications.
- **July 2026 Full Year:** Actual number of applications is 748 applications which is 143 applications higher than budget of 605.

Financial vs Operational Reporting: There will be a slight difference in the reported volumes of international applications, related to recognising applications based on received payments (financial) versus the number of applications processed (operational).



Employee FTEs as at 31 July 2026

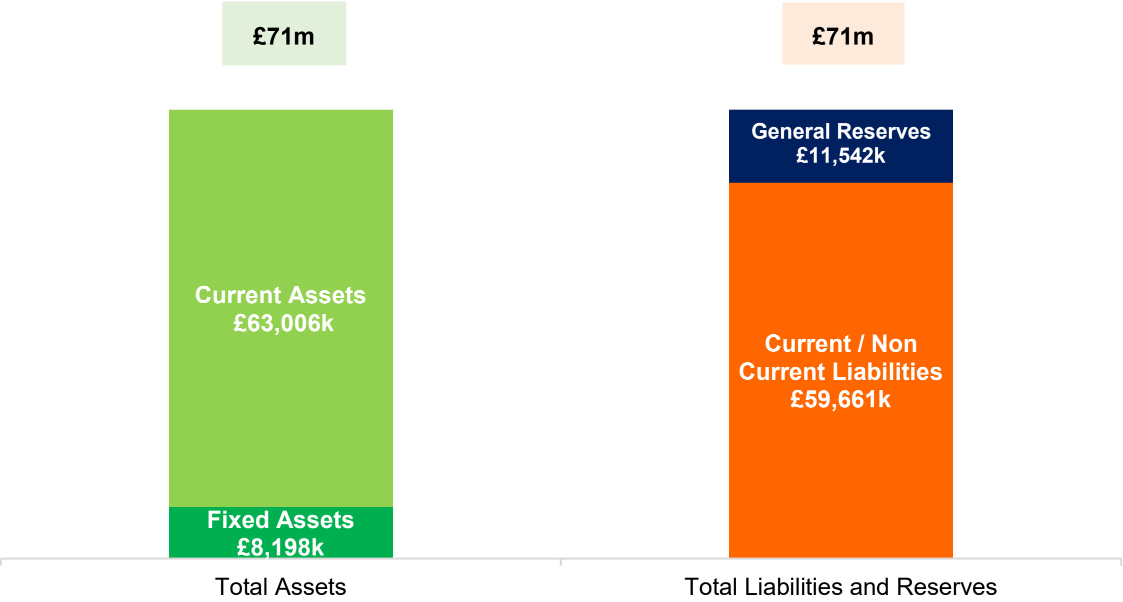
	CPQ	REG	ADP	LGL	FIN	ITD	HUM	BUC	COM	ASC	FAC	POL	EDU	FIE	DIA	CEO	PLT	SEC	PAR	CCO	RDP	Total FTE
Jul-26 Actuals	94	60	47	36	19	19	16	13	12	12	11	11	10	9	6	5	5	3	3	2	1	394
Jul-26 Forecast	90	62	46	36	20	19	14	12	12	13	10	11	10	10	6	5	5	3	3	2	1	390
Variance	(4)	2	(1)	0	1	0	(2)	(1)	0	1	(1)	0	0	1	0	0	0	0	0	0	0	(4)



CPQ - Case Progression and Quality
REG - Registrations
ADP - Adjudication Performance
LGL - Legal Services
FIN - Finance and Commercial
ITD - IT and Digital Transformation
HUM - Human Resources
BUC - Business Change
COM - Communications
ASC - Assurance and Compliance
POL - Policy and Standards
EDU - Education
FAC - Facilities Management
FIE - FIE Team
DIA - Data Insight and Analytics
CEO - Chief Executive and Registrar
PLT - Professional and Upstream Regulation
CCO - Chair and Chief Executive Office
SEC - Governance
PAR - Partners
RDP - Regulatory Development and Performance

Item 09

Balance Sheet and Reserves as at 31 July 2026



	31 July 2026 Actuals	31 July 2026 Forecast	Variance
	£'000	£'000	£'000
GENERAL RESERVES	11,542	11,460	83
Realisable Net Assets	9,238	8,666	572

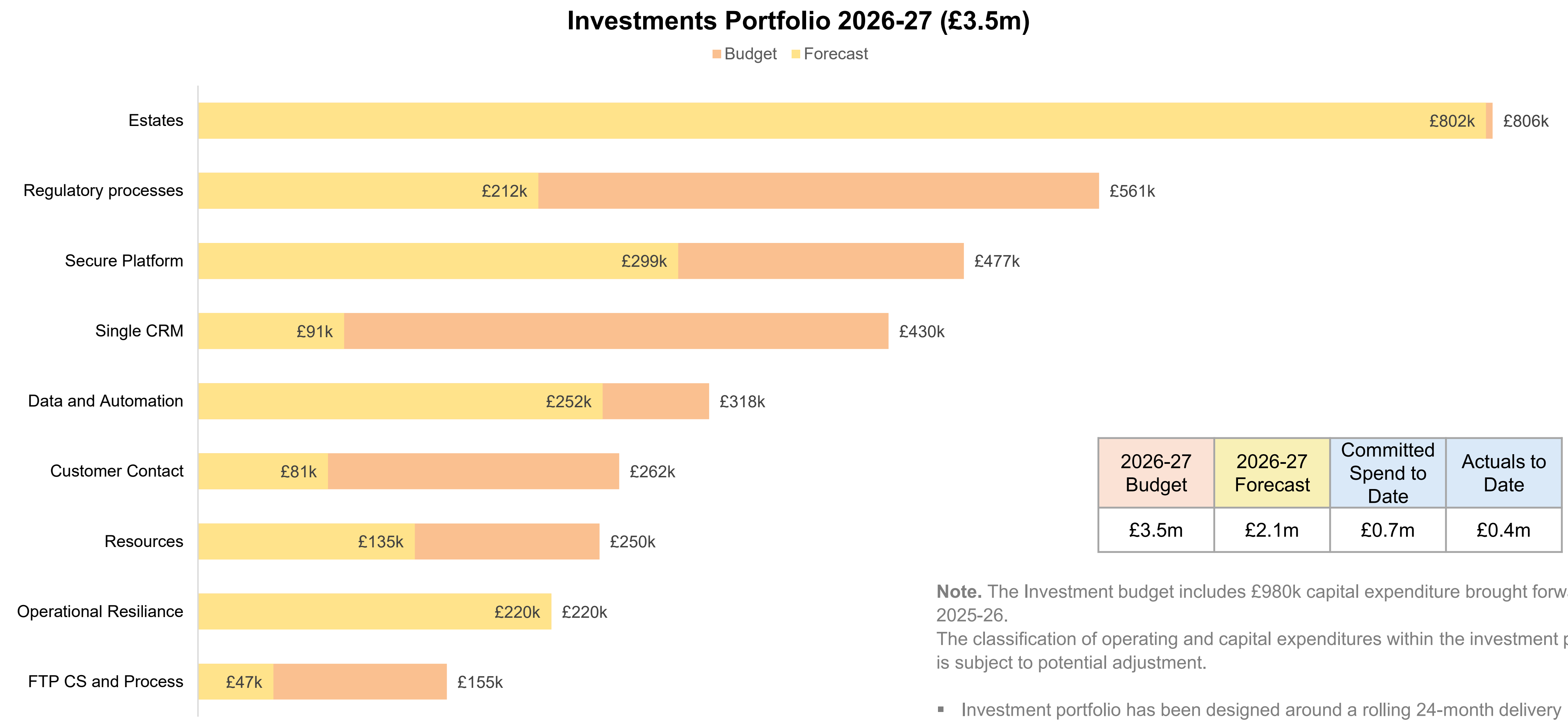
- **Current Assets:** mainly comprise cash and cash equivalents of around £29m and account receivables of around £34m.
- **Liabilities:** mostly relate to deferred income of around £56m as a result of registrants paying their fees in advance.
- **General Reserves (or Net Assets):** approximately £11m.
- **Positive Realisable Net Assets:** approximately £9m, calculated by taking our reserves position of £11m less our 'intangible assets' of around £2m (representing just over two months of total operating expenditure).
- **FTP Demand Costs:** £3 million ring-fenced reserves has been approved by Council to support ongoing commitments to improving the timeliness of FTP case progression. As a result, general reserves are forecast to reduce to round £8 million by the end of the financial year.

Note. The reserves policy requires us to hold positive Realisable Net Assets

Operating Reserves (Realisable Net Assets): are essentially the accumulation of surpluses without restrictions that are liquid (as opposed to invested in fixed assets). Having adequate reserves increases our ability to absorb or respond to temporary changes, such as the unanticipated event of significant unforecasted increases in expenditure and/or losses in income.

Item 09

Investments Portfolio 2026-27



2026-27 Budget	2026-27 Forecast	Committed Spend to Date	Actuals to Date
£3.5m	£2.1m	£0.7m	£0.4m

Note. The Investment budget includes £980k capital expenditure brought forward from 2025-26.
The classification of operating and capital expenditures within the investment portfolio is subject to potential adjustment.

- Investment portfolio has been designed around a rolling 24-month delivery period
- Portfolio includes 'non project' laptop budget of £220k and HVAC project budget of £806k

Item 09

Risks and Opportunities

Risks

Low	Medium	High
Software licensing: higher costs in relation to headcount level (£100k)	**Learning and development costs:** increase in training and employee development (£47k)	

Opportunities

Low	Medium	High
Increase in international income: additional application volumes (£ - TBC)	**Business rates** - potential to claim back some BR as a result of work area not used during the period of HVAC project (£ - TBC)	
Partners costs: deferral of costs to next financial year if fewer hearings are held than forecast (£ - TBC)		

Note. Low/Medium/High Risk categories relate to the likelihood of the risk or opportunity materialising.

Item 09

July 2026
Finance Report

APPENDICES

Appendix 1 – Income and Expenditure (By Department)

	July 2026 YTD			Full Year			Full Year Budget
	Actuals	Forecast	Variance	Budget	Forecast	Variance	Actuals
	£'000	£'000	£'000	£'000	£'000	£'000	%
Total Income	**15,193**	**15,193**	**0**	**47,012**	**46,503**	**(509)**	**33%**
Fitness to Practise	7,768	7,775	7	23,692	23,779	(87)	33%
Registrations	1,245	1,242	(3)	3,539	3,445	94	36%
IT and Digital Transformation	1,235	1,236	1	4,026	4,005	21	31%
Chief Executive and Registrar	648	648	0	1,920	1,945	(25)	33%
Finance and Commercial	629	697	68	1,747	1,871	(124)	34%
Human Resources	503	505	2	1,583	1,631	(48)	31%
Facilities Management	453	449	(4)	1,466	1,437	29	32%
Business Change	346	346	0	1,231	1,032	199	34%
Depreciation	335	335	0	1,188	1,152	36	29%
Communications	330	329	(1)	1,096	1,060	36	31%
Policy and Standards	302	308	6	824	864	(40)	35%
Assurance and Compliance	294	290	(4)	786	836	(50)	35%
Education	195	192	(3)	695	686	9	28%
Chair, Council and Committees	132	138	6	370	408	(38)	32%
Data Insight and Analytics	132	132	0	432	406	26	33%
Partners	107	110	3	407	429	(22)	25%
Professional and Upstream Regulation	106	109	3	407	390	17	27%
Governance	75	88	13	288	294	(6)	26%
Chair and Chief Executive Office	42	36	(6)	156	132	24	32%
Major Projects	38	32	(6)	570	562	8	7%
Regulatory Development and Performance	35	35	0	106	106	0	33%
Vacancy Gap Provision	0	0	0	(561)	(281)	(280)	0%
Total Operating Expenditure	**14,950**	**15,032**	**82**	**45,968**	**46,189**	**(221)**	**32%**
Contingency	0	0	0	750	130	620	0%
Other Exceptional Costs	83	83	0	284	257	27	32%
Total Expenditure	**15,033**	**15,115**	**82**	**47,002**	**46,576**	**426**	**32%**
Surplus/(Deficit) - Excl. Exceptional Legal Costs	**160**	**78**	**82**	**10**	**(73)**	**(83)**	
Exceptional Legal Costs	0	0	0	0	3,000	(3,000)	
Surplus/(Deficit) - Incl. Exceptional Legal Costs	**160**	**78**	**82**	**10**	**(3,073)**	**(3,083)**	

Note: 'Other Exceptional Costs' include Corporation Tax and Transformation Costs.

Item 09

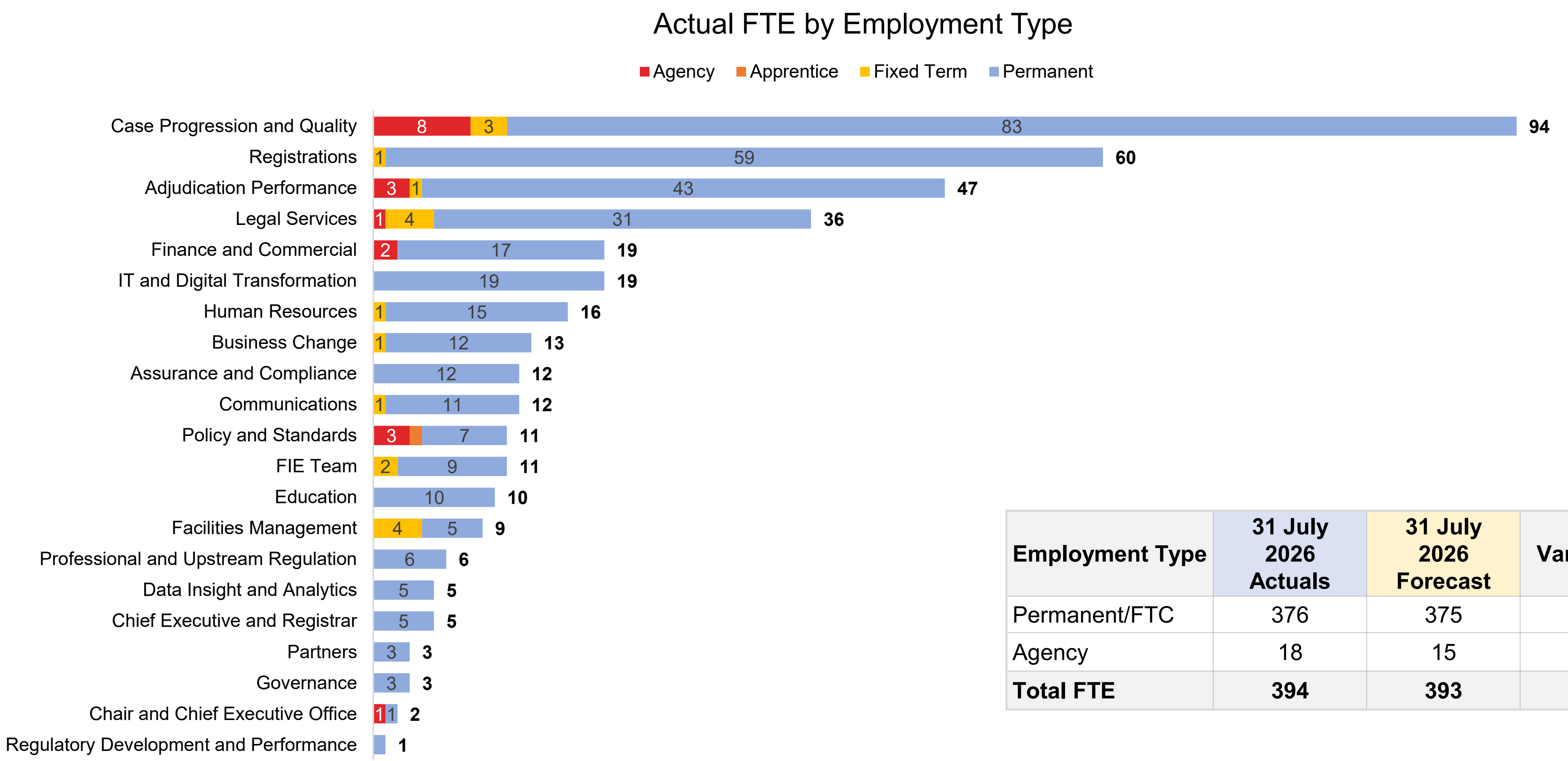
Appendix 2 – Income and Expenditure July 2026 (by Category)

	July 2026 YTD			Full Year			
	Actuals	Forecast	Variance	Budget	Forecast	Variance	
	£'000	£'000	£'000	£'000	£'000	£'000	
Total Income	**15,193**	**15,193**	**0**	**47,012**	**46,503**	**(509)**	**33%**
Payroll	6,982	6,969	(13)	21,866	21,550	316	32%
Legal Costs	3,322	3,345	23	9,635	9,620	15	35%
Partners	1,760	1,763	3	5,294	5,289	5	33%
IT Costs	832	820	(12)	2,576	2,555	21	33%
Professional Fees	701	734	33	2,381	2,585	(204)	27%
Depreciation	335	335	0	1,188	1,152	36	29%
Staff Related Costs	221	225	4	679	682	(3)	32%
Temporary Staff	186	177	(9)	112	572	(460)	33%
Other Costs	139	168	29	1,288	641	647	22%
Property Costs	124	129	5	449	425	24	29%
Office Services	122	128	6	456	455	1	27%
Utilities	109	111	2	371	368	3	30%
Corporation Tax	76	76	0	224	219	5	35%
Communication Costs	60	61	1	171	172	(1)	35%
Council Committee	37	42	5	79	113	(34)	33%
Travel & Subsistence	27	32	5	233	178	55	15%
Total Expenditure	**15,033**	**15,115**	**82**	**47,002**	**46,576**	**426**	32%
Surplus/(Deficit) - Excl. FTP Demand Costs	**160**	**78**	**82**	**10**	**(73)**	**(83)**	
FTP Demand Costs	0	0	0	0	3,000	(3,000)	
Surplus/(Deficit) - Incl. FTP Demand Costs	**160**	**78**	**82**	**10**	**(3,073)**	**(3,083)**	

Note. 'Other Costs' includes Bank Charges and Contingency. 'Staff Related Costs' includes Training, Recruitment Fees and Life Assurance Costs.

Item 09

Appendix 3 – FTEs (as at 31 July 2026)



Employment Type	31 July 2026 Actuals	31 July 2026 Forecast	Variance
Permanent/FTC	376	375	(1)
Agency	18	15	(3)
Total FTE	**394**	**393**	**(4)**

Item 09

Appendix 4 - FTP – Frontloading – July 2026 (YTD)

New Cases	Jul-26 YTD	Full Year Projection
Case Volume	44	132
Estimated internal costs (£)	176,409	752,646
Equivalent external costs (£) – new fees*	422,261	2,006,656
Net savings realised (new pricing)	**245,852**	**1,254,010**
Equivalent external costs (£) – historic fees	303,600	1,442,760
Net savings realised (old pricing)	**127,191**	**690,114**

* Potential costs if frontloaded cases were instructed to our external legal provider (ELP).

July 2026 Year to Date

- **Frontloaded new cases:** total of 44 frontloaded cases were processed.
- **Net savings:** based on high-level assumptions, estimated savings from handling cases internally compared to instructing our external legal provider, is around £246k (or £127k based on historic fees).

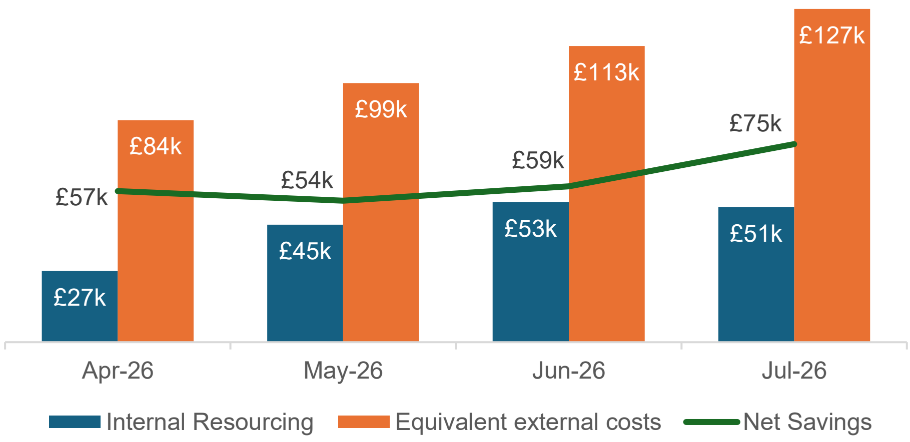
Full-Year Projection

- Expected net savings for 2026-27 is around £1.3 million (or £690k based on historic fees). This is based on relatively fixed costs for our internal frontloading legal team and advocacy costs, versus variable external legal costs driven by progression and volume of cases.

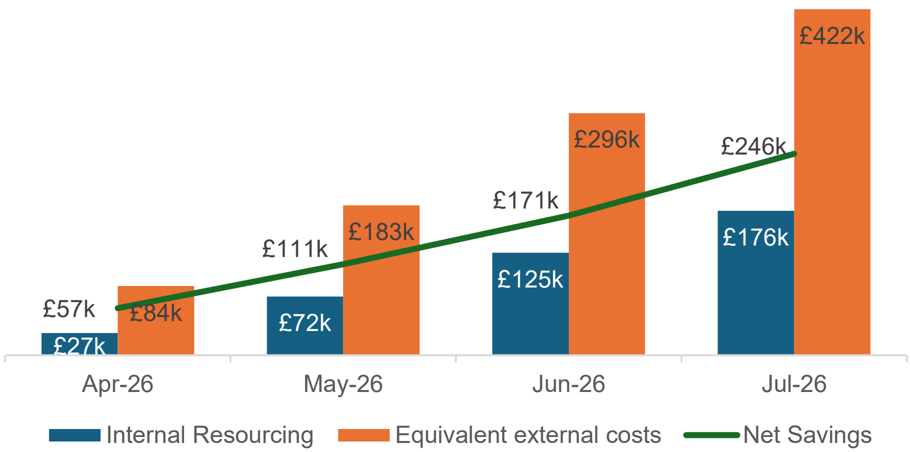
Note.

- Internal costs are based on actual payroll costs for frontloading legal team and estimated advocacy costs.
- Equivalent external costs are based on current fees for frontloaded cases, factoring phased costings based on case progression.

Frontloaded case costs & savings (per period)



Frontloaded case costs & savings (cumulative)



Appendix 5 – Contingency (as at 31 July 2026)

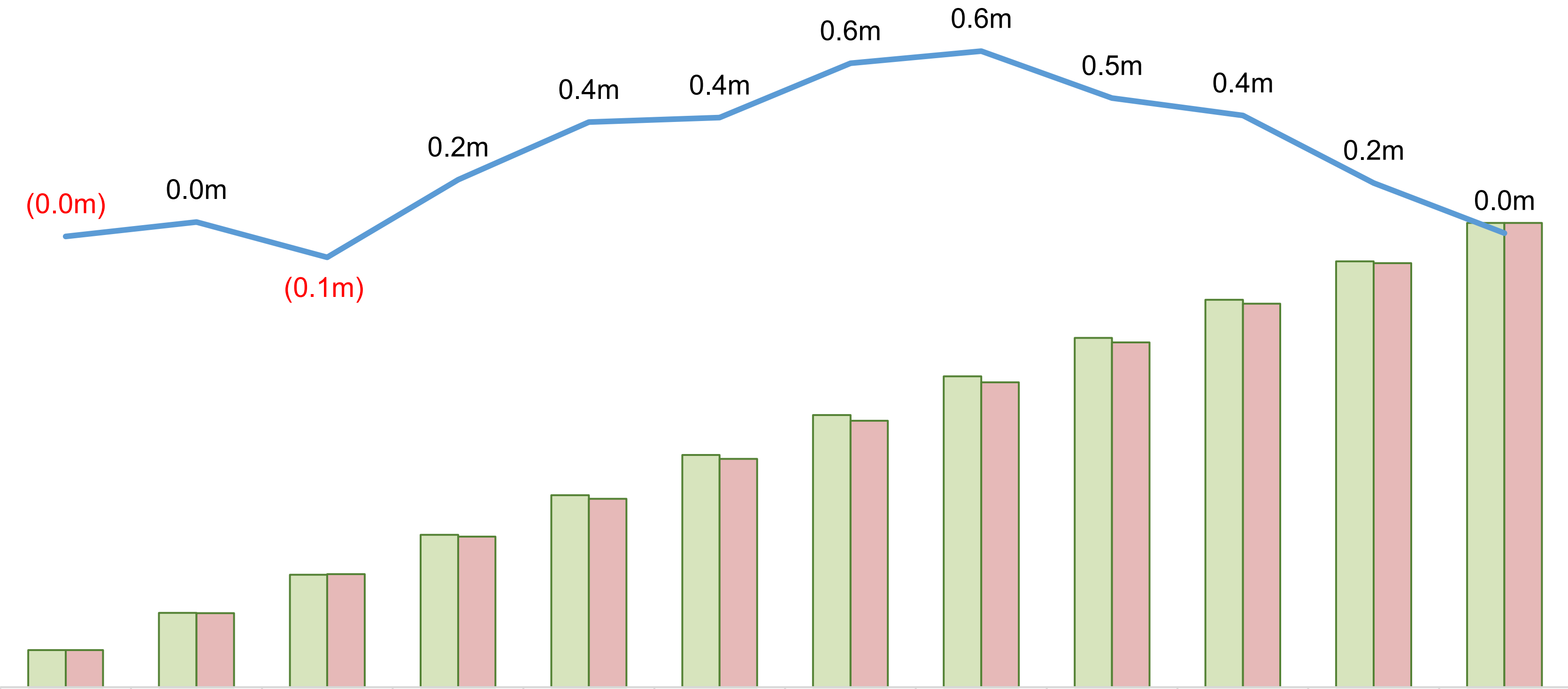
Description	£'000
2026-27 General Contingency Budget	**354**
FIE team contract change	(240)
Assurance & Compliance rework	(54)
Policy & Standards rework	(48)
Contingency increase	57
Total contingency as at 30 June 2026	**69**
Council Board appointment and AI Consultancy	(47)
Partners Training delivered by Capsticks	(22)
Total contingency as at 31 July 2026	**0**

Description	£'000
Frontloading Contingency Budget	**400**
17 Temporary staff (Reg Investigators)	(270)
Senior HR Advisor	(35)
Contingency increase	40
Total Contingency Available	**135**

Item 09

Appendix 6 – 2026-27 Budget Profile

2026-27 Budget (Running Total)



Income	3.8m	7.5m	11.4m	15.4m	19.4m	23.5m	27.6m	31.5m	35.4m	39.2m	43.1m	47.0m
Expenditure	3.8m	7.5m	11.5m	15.3m	19.1m	23.1m	27.0m	30.9m	34.9m	38.8m	42.9m	47.0m
Surplus/(Deficit)	(0.0m)	0.0m	(0.1m)	0.2m	0.4m	0.4m	0.6m	0.6m	0.5m	0.4m	0.2m	0.0m

Income Expenditure Surplus/(Deficit)

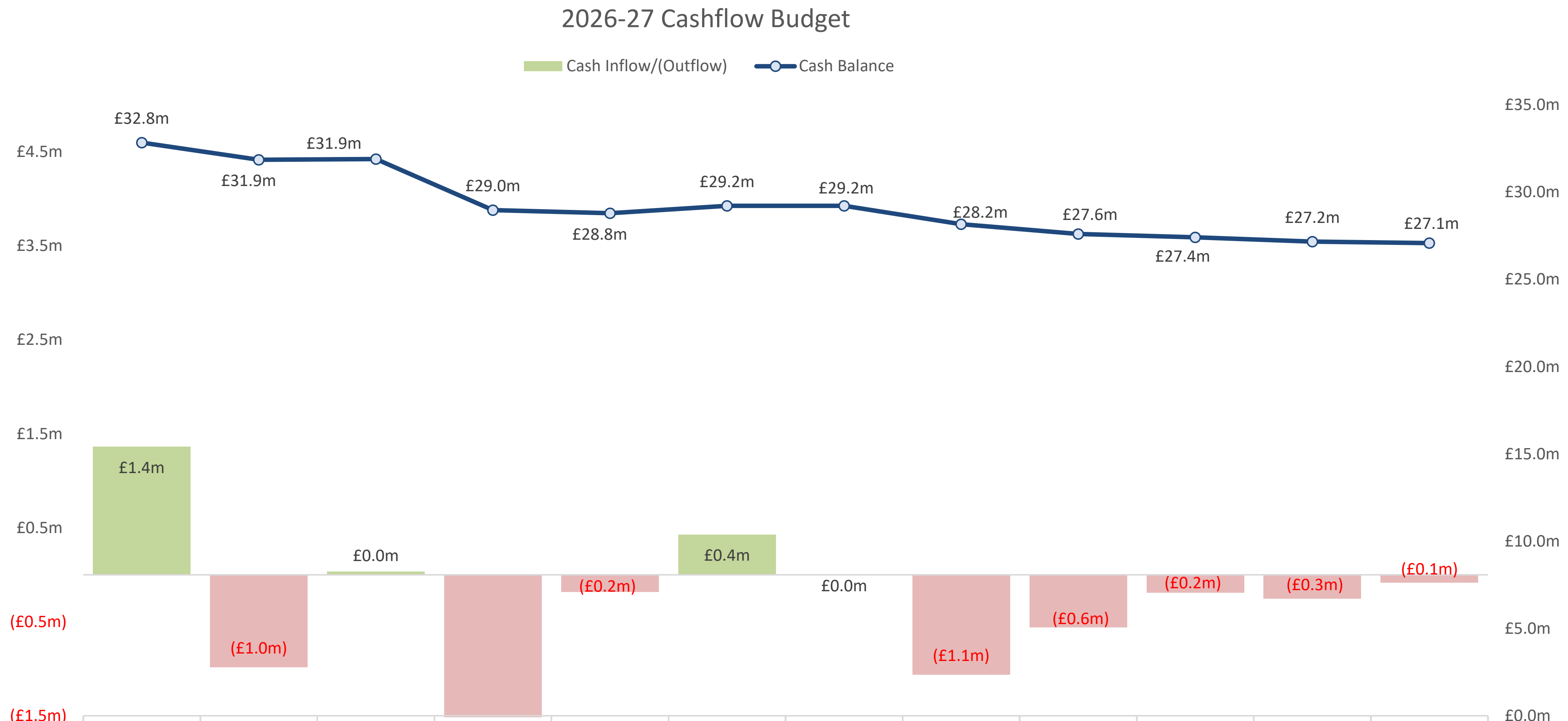
Appendix 7 – Balance Sheet (as at 31 July 2026)

hcpc health & care professions council

	31 July 2026 Actuals	31 July 2026 Budget	Variance	31 March 2027 Budget
	£'000	£'000	£'000	£'000
Property, Plant & Equipment	5,894	6,020	(126)	6,448
Intangible Assets	2,304	2,794	(490)	3,720
Total Fixed Assets	8,198	8,814	(616)	10,168
Current Assets				
Trade and Other Receivables	34,031	35,257	(1,227)	32,141
Cash and Cash Equivalents	28,975	29,191	(217)	27,084
Total Current Assets	63,006	64,448	(1,443)	59,225
Total Assets	**71,204**	**73,262**	**(2,059)**	**69,393**
Current Liabilities				
Deferred Income	55,803	57,061	1,258	56,664
Trade and Other Payables - other liabilities	3,707	4,590	883	4,269
Total Current Liabilities	59,510	61,651	2,141	60,933
Non Current Liabilities	152	152	0	152
Total Liabilities	**59,661**	**61,802**	**2,141**	**61,085**
NET ASSETS	**11,542**	**11,460**	**82**	**8,309**
Opening General Reserves	11,382	11,382	0	11,382
Surplus/(Deficit)	160	78	82	(3,073)
TOTAL RESERVES	**11,542**	**11,460**	**82**	**8,309**
Realisable Net Assets	**9,238**	**8,666**	**572**	**4,589**

Item 09

Appendix 8 – Cashflow Forecast (as at 31 July 2026)



	Apr-26 Actual	May-26 Actual	Jun-26 Actual	Jul-26 Actual	Aug-26 Forecast	Sep-26 Forecast	Oct-26 Forecast	Nov-26 Forecast	Dec-26 Forecast	Jan-27 Forecast	Feb-27 Forecast	Mar-27 Forecast
Cash Inflow/(Outflow)	£1.36m	(£0.98m)	£0.04m	(£2.92m)	(£0.18m)	£0.43m	£0.00m	(£1.06m)	(£0.56m)	(£0.19m)	(£0.25m)	(£0.08m)
Cash Balance	£32.84m	£31.86m	£31.89m	£28.98m	£28.79m	£29.22m	£29.22m	£28.16m	£27.61m	£27.42m	£27.17m	£27.08m